

Local Government North Yorkshire and York 16 September 2011

NEW HOMES BONUS

Background

1. Future house building now attracts the new homes bonus. The reward will be split 80% Districts, 20% Counties. The rationale is in recognition of where the primary responsibilities lie through housing and planning requirements and as the final design scheme says 'districts are better placed to understand local needs and concerns'.
2. The purpose of this note is to seek discussion over the use of the bonus monies and any partnership opportunities.
3. Although the bonus, once awarded, is for 6 years and therefore gives some element of medium term certainty the amounts will vary as both house building rates vary and bonus payments drop out at the end of the period. The nature of the bonus is a series of one off payments. The bonus is unringfenced but not intended to support general revenue funding. It will not be a regular source of income that can be planned for in the same way as, say, Second Homes Discount although authorities will benefit from additional council tax income from each new home to support 'day to day' services and such as section 106 funding for infrastructure requirements etc.. It relates to actual house building which in turn relates to market forces and demand however good the planning and evidence of need side of our work.
4. It is funded by top slicing from overall central government funding for the lifetime of the CSR. If the amount of bonus award needed grows beyond the current top slice allocation it will be increased from the overall funding envelope available to local government. In this way it is set up as an incentive for Local Authorities to allow housing growth. If not a greater share of funding will go to other areas.
5. Whilst the mechanisms for funding the bonus are to incentivise local government, in its actual application it is not so much to recognise the work that authorities put in to achieve the conditions for housing growth. Government view is that the NHB should in some way be used 'in line with community wishes' and in particular in the neighbourhoods most affected by growth – which can relate specifically to the new development or more widely to the local community. In this way it is a sweetener or incentive for communities to 'support' growth but not to support growth that would otherwise be inappropriate in planning terms.
6. The National Parks have the same responsibilities as District Councils in their area for encouraging new homes developments through planning requirements - yet they do not receive any bonus directly which is only paid to DCs/CCs. Government expect this to be sorted locally. The National Park contribution to housing growth needs to be recognised in some way.

Position of Local Authorities

7. The current position of each Council is:

Craven	Members will consider a report in July. The likely thrust will be focused on housing – bringing empties back into use and the development of prioritised community facilities.
Hambleton	No decisions as yet. Likely will be a mix to support housing delivery (e.g. sustain approaches like rural housing enabling) and ‘strategic’ community schemes possibly using a participatory budget approach.
Harrogate	To be determined in the light of all the competing demands on the councils finances
North Yorkshire	No decisions as yet
Richmondshire	No decisions as yet. Likely will be a mix to support housing delivery (e.g. sustain approaches like rural housing enabling) and ‘strategic’ community schemes possibly using a participatory budget approach.
Ryedale	Will be considered by Members in September. Likely to have a strategic use and fund infrastructure. Parish planning and participatory budgeting also possible uses.
Scarborough	No decisions as yet. Likely will be used to support housing delivery and empty homes work along with regeneration and community initiatives.
Selby	No decisions as yet. Likely will be a mix to support housing delivery (e.g. sustain approaches like rural housing enabling) and ‘strategic’ community schemes possibly using a participatory budget approach.

8. For the District Councils covering the National Park areas there is a general willingness to collaborate in recognition of the Parks contribution to achieving any bonus payment. Equally the Parks wish to actively engage.

9. NYDNP have commented that their preference is for Districts to effectively pass port a sum to them in recognition of house growth in the Park area as they see it as an incentive for Local Planning Authorities to allow housing growth. It should therefore be passed onto the NPAs because they 'take the flak' for granting consent and for planning new homes. NYDNP does not rule out pooling with Districts on projects inside the Park. If cash is pass ported the NYDNP expectation is that it will be spent in the areas that receive the growth and therefore not in those communities that reject growth.

Possible collaboration

10. As indicated the main element of the reward is to be paid to District Councils and it will therefore follow that the main driver for use of the reward will be at the District level. Current thinking amongst Districts seems to be a mix of schemes of District wide significance – with a strong emphasis on housing enabling - and some more localised 'community initiative' spending. From discussions, some Districts would also want to agree a collaborative approach with the County Council and/or the National Parks if that is possible. There is therefore the question of what appetite might exist for any pooling of the bonus and how.
11. It is recognised that it is for NYCC to determine the use of its share of the bonus. The idea of spends in the particular neighbourhoods most affected by growth has the potential to deliver least because there will be relatively small sums involved (from the 20% element) unless aggregated or co-joined in some way with District funding. Equally it could challenge imagination across the county area to relate spending considerably more widely than the local community from where it is earned unless on something that is universally recognised across the majority of communities related to growth. An emerging view might be to rationalise this around preparing for future growth but this will need further development and discussion around approach, priorities and localisation to growth points.
12. The simplest relationship with the National Parks is to passport the element of earned reward to them. However supporting housing need is not just a function of the planning system but other work on housing needs such as the rural housing enablers which the Parks do not directly support. Also this is likely to involve small sums and some better sense of partnership and co-joining with District funding is likely to be of more significance in actual delivery. There is also the question of how the County element of reward earned in the Parks is seen.
13. None of this leads to clear conclusions on some common principles that might operate between us. That being the case there needs to be further consultation where appropriate between the tiers on local application of the funds if there are to be partnership opportunities or an understanding of respective positions.
14. What has come out of discussions between Chief Executives is the need for broader discussions on future growth and how collaboration on Local Development Frameworks, NHB and possible implications of business rate localisation etc play into this. This needs further discussion and development.

Recommendations

15. For discussion:

- Views generally
- Appetite for pooling
- How discussions on the impact of future growth requirements across the sub region might progress.
- etc

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